

CLIENT TESTIMONIAL

Banque Degroof

Straight-through order management



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Cynthia Radelet, Organisation Manager of Banque Degroof



Initially Banque Degroof executed all its order management workflows manually; institutional sales, private bankers and asset managers sent orders to the execution desk themselves.

Even though there was an automatic connection to the Brussels Bourse it was necessary to use phone or fax to communicate with external brokers, and additional employees were needed to insert the orders in the middle-office and back-office.

These manual processes, resulting in high personnel costs and poor efficiency from the resource intensive work and data errors linked with manual data input, led Banque Degroof to decide to automate its order management workflows.

Demanding objectives >>>

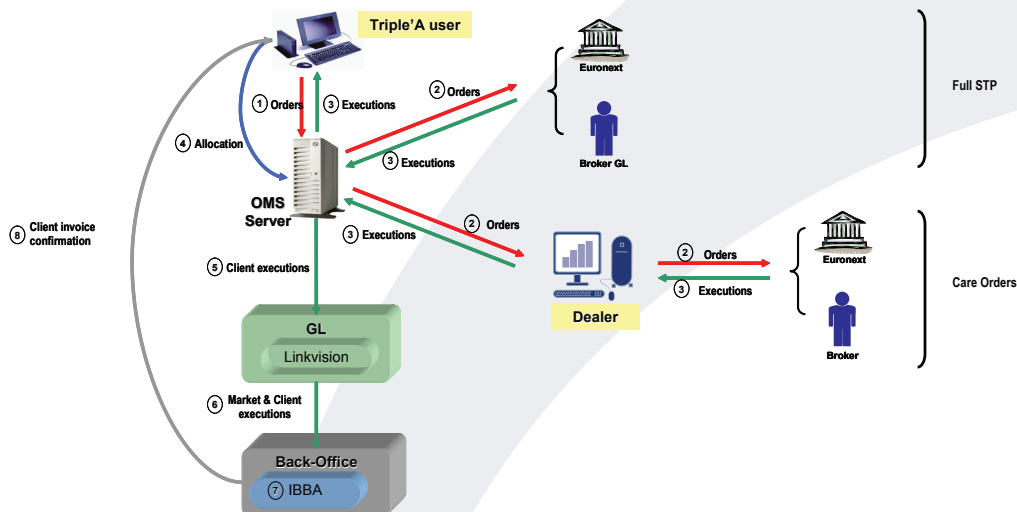
One major objective of the project was therefore to reduce overall costs. This had to be achieved by reducing manual input within the front-office, the execution desk and the back-office. Furthermore, the average total cost per ticket, as well as the error-level had to be reduced. A further objective of the project was to reduce the execution and reporting time. Banque Degroof was therefore looking for a flexible and extensible solution which could be adapted to manage all types of business; private and institutional clients, or trading.

An incremental implementation process >>>

In 2001 Banque Degroof decided to implement GL LinkVision, which helped them to streamline order execution so that executions at the Belgian Stock Exchange could be sent automatically to the middle-office and back-office system.

Between 2000 and 2001 Banque Degroof also purchased Triple'A from Odyssey for its asset managers in order to enhance its portfolio management processes/services.

Between 2001 and 2002 Banque Degroof implemented GL OMS so that the orders could be automatically sent from Triple'A (for private banking and asset management) and from GL OMS Sales (for institutional sales) to the execution desk and from there, via STP, to the Euronext Stock Exchange. Thanks to the link between GL OMS and GL Linkvision, executions were automatically caught in Linkvision and sent straight-through to the back-office system. Gradually, foreign brokers were directly connected to the GL OMS, which allowed them to benefit from the same advantages customary on Euronext on all foreign markets.



Straight-through order lifecycle >>>

Today Banque Degroof provides a fully automated order lifecycle. Orders coming from the front-office Triple'A workstation are sent to the OMS server, from where they are sent on either directly to the market/ broker or to the dealing desk - depending on the amount, type and maturity of the order. After the order is executed, it is sent back to the OMS server and via STP to the Triple'A user.

Portfolio managers are updated in real-time on the progress of an order from creation to (total or partial) execution. When the order is completely executed, Triple'A sends the order allocation (all information regarding the client / clients in case of block orders) to the OMS server. From there the order execution is sent to the middle-office and straight-through to the back-office. In the back-office additional information regarding taxes, fees, settlement instructions are added to the operation.

This information is also reported in Triple'A so that the portfolio manager has a clear overview about the total costs and the details of operations.

Business benefits of the project >>>

Due to the straight-through order workflow, Banque Degroof has been able to significantly reduce manual input. The general STP rate regarding equities, bonds and funds has been dramatically increased from 0% in 1998 to an average of 90% in 2004. Since June 2004 the STP rate for equities is continuously above 93%.

Total costs for the bank were reduced by 29% from 2001 through to 2004 mainly by reducing human resources costs. Another important advantage was that the order cycle duration could be significantly reduced; prior to the project the complete order cycle duration was around 15 minutes whereas with STP it has been reduced to approximately 20 seconds.

About Banque Degroof

Founded in 1871 by Franz Philippson, Banque Degroof is the largest private bank in Belgium. Since its origin, its core business has been wealth management with an identity based on the principles of long-term relationships, tailor-made services, excellence, and ethical awareness. Building on its expertise, the Bank offers a complete and integrated range of high-quality services: asset management, investment banking services & advice, market activities, equity research, credit, and financial structuring. The bank's clients are high net worth individuals, institutional investors, listed and unlisted corporations, and the public sector.

Being headquartered in Brussels, the Bank is nowadays active in Belgium, Luxembourg, Switzerland, Spain, France, and the Netherlands. Over recent years, the Bank has taken majority stakes in Belgian and foreign financial institutions and asset management companies.

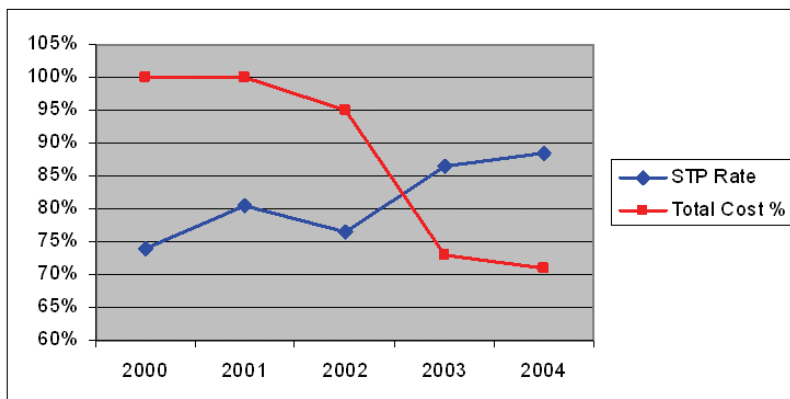
Because Banque Degroof has different kinds of clients and business streams, the solution has had to be flexible and extensible, adapted to all types of business. The Bank has been able to connect its private banking clients, asset managers, institutional clients, and professional clients with direct market access. Its Belgian agencies and its foreign branches such as the Luxembourg branch have also seen a reduction in costs.

Due to the new straight-through workflow, employees at the execution desk can sharpen their focus on value-added activities, such as spending more time on direct client contact, providing better advice, and maintaining a closer relationship with their brokers. Back-office employees are now able to focus on control tasks rather than on the duplication of orders; this has significantly enriched their work and brought the additional benefit of increased job satisfaction.

Additionally it has contributed to the business growth of the bank. Different types of clients can now be connected directly to the bank's order management platform in order to benefit from the advantages provided by the order routing. Banque Degroof also expanded its connection to foreign markets 15 fold and is now able to handle volume variations/ movements on the stock exchange.

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Cynthia Radelet, Organisation Manager of Banque Degroof



*STP increase over 5 years = 15 %
Cost reduction over 4 years = 29 %*

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